



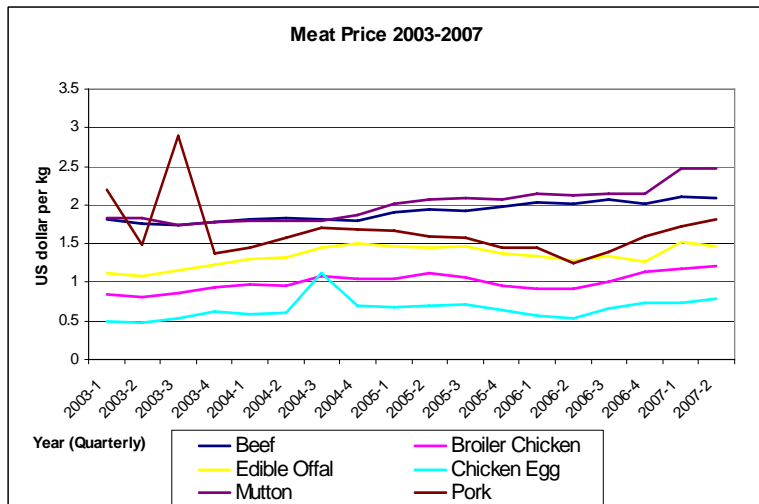
Meat Prices in China

China's poultry production has recovered to normal production due to governmental subsidy policy for poultry production during avian influenza (AI) outbreaks in the last couple of years.

Poultry recovery is also because of strong demand generated by consumers shifting from pork to poultry due to swine blue ear disease (PRRS) and sharp rise of pork prices. The Ministry Of Agriculture indicated that poultry cultivation employs over 10 million people with an annual output of RMB40 billion (\$5.2 billion). In 2006, China's total poultry meat production was 15.07 MMT ranking 2nd in the world, and total poultry egg production was 29.46 MMT ranking the first in 21 years running.

Meat prices in China have been rising slightly over the last six years and more dramatically over the last year, pushing the CPI upwards. These prices spikes have been brought on by the increased demand for meat of a more prosperous nation and constraints on livestock industry inputs, namely feed grains. Supply shocks have also exacerbated the situation. For some meat products, particularly poultry and pork, additional aggravating factors include domestic disease outbreaks resulting in large animal deaths and cull rates. High input costs and a degree of substitutability between meats have lead to increases in beef and mutton prices as well. Increases in these items however, has garnered less attention because they have traditionally been meats for wealthier Chinese who are less affected by the run-up in food costs.

Meat Price 2003-2007



Food prices in China account for nearly one-third of the consumer price index, which rose to 3.4% in May with food prices rising 8.3%. Rising grain prices are also an important factor in this increase. Meat constitutes close to 7% of the CPI basket for China, and upwards price pressure has spread to eggs, fish and other products. It is possible that rising food costs, particularly rising pork costs, will push the year-on-year CPI inflation above 4% in the near future. The unofficial tolerance rate of the central bank for CPI inflation is 3%. Analysts believe the rising price of meat and eggs will exert further upward pressure on inflation in the coming months. Between March 2006 and 2007 retail chicken prices have increased by 33% which chicken egg prices have increased by over 40%.

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China is being pressured by the United States and other trading partners to allow its currency to appreciate. In June 2007, the U.S. Treasury concluded that the Chinese yuan was undervalued and that the Chinese central bank's intervention in the foreign exchange market contributes to China's persistent trade surpluses and rapid accumulation of foreign exchange reserves. In response to pressure from trade partners, China's monetary authorities have allowed the value of the yuan to rise gradually since July 2005. However, Chinese policymakers are concerned that a sharp change in the exchange rate could result in economic dislocations and financial market instability, and they have adopted a go-slow approach to exchange rate policy reform. Many analysts believe a much larger appreciation is needed in order to narrow China's trade surplus.

Discussions about China's exchange rate are mainly focused on how appreciation of the yuan would affect merchandise trade and financial markets, but exchange rates have important effects on agricultural commodity markets as well. As the yuan appreciates against the dollar, U.S. commodities will become more price-competitive in China, potentially increasing China's demand for agricultural imports.

China-U.S. comparison of retail food prices, \$/KG July 2006

Commodity	China	U.S.	U.S./China Ratio	Description
Poultry meat	1.30	2.29	1.8	Whole chicken, fresh
Eggs	.64	1.78	2.8	U.S.: Grade A, large
Pork	1.86	7.28	3.9	U.S.: Chops, center-cut, with bone, China: fresh lean pork

Comparison of prices received by Chinese and U.S. farmers, 2005

Commodity	China	U.S.	U.S./China Ratio
Pork	972	1095	1.13
Poultry	964	1014	1.05
Eggs(1)	617	916	1.48

(1) U.S price converted from dollars per dozen assuming a weight of 21 ounces per dozen eggs.

Sources: USDA/FAS Global Agriculture Information Network, USDA/ERS China Currency Appreciation Could Boost U.S. Agricultural Exports

U.S. Frozen Chicken Exports to China in metric tons

Commodity	H.S. Code	Jan-Dec		Jan-Jun	
		2005	2006	2006	2007
Paws & feet	207140045	64,006	153,593	57,149	171,621
Wings & other	207140030	43,696	73,302	35,208	38,273
Other	207140090	22,432	61,348	27,147	48,923
Leg quarters	207140010	13,595	52,058	36,400	22,422
Other leg	207140025	11,170	48,048	22,437	25,058
Offal (not liver)	207140050	564	2,115	802	1,918

Source: Department of Commerce, U.S. Census Bureau, Foreign Trade Statistics

INSPECTED EGG PRODUCTS-**U.S. & CANADA IMPORT/EXPORT TRADE****U.S. Exports to Canada, in Pounds (000) (Preliminary)**

Week Ending August 18, 2007	Year-To-Date			
Type	2007	2006 /1	2007 /2	2006
Liquid	0	153	2,617	6,363
Frozen	0	0	25	172
Dried	0	34	447	399
Total	0	187	3,089	6,934

U.S. Imports From Canada, in Pounds (000) (Preliminary)

Week Ending August 18, 2007	Year-To-Date			
Type	2007	2006 /1	2007 /2	2006
Liquid	470	58	10,807	2,264
Frozen	0	1	263	754
Dried	40	0	659	66
Total	510	59	11,729	3,084

Inspected Shell Eggs**U.S Exports To Canada, In 30-Dozen Cases (Preliminary)**

Week Ending August 18, 2007	Year-To-Date			
	2007	2006 /1	2007 /2	2006
Jumbo	0	0	0	150
Extra Large	1,890	2,580	29,269	54,621
Large	2,000	2,810	51,816	107,821
Medium	1,248	3,330	34,763	60,432
Ungraded	6,882	720	53,282	79,724
Misc	0	0	6,325	5,267
Total	12,020	9,440	175,455	308,015

/1 Comparable Week, to-date figures may not total due to rounding.

/2 Includes revisions to previous week(s)

Data Source: Agriculture and Agri-Food Canada, AISD, AID, Poultry Section

Source: USDA AMS Poultry Programs, Market News & Analysis

U.S./Canadian Live Poultry Slaughtered Under Inspection

W/E 18-August-07 (PRELIMINARY)

U.S. fowl slaughtered domestically

	Light Hens	Heavy Hens	Total Hens
	-----Thousands-----		
Head	1,045	1,524	2,569
Last Week	1,265	1,668	2,933
Same week yr ago	902	1,759	2,661
To-date/2007	36,867	47,692	84,559
To-date/2006	36,832	48,895	85,727

U.S. fowl slaughtered in Canada

	Light Hens	Heavy Hens	Total Hens
	-----Thousands-----		
Head	318	0	318
Last Week	294	0	294
Same week yr ago	61	0	61
To-date/2007	8,374	23	8,397
To-date/2006	5,638	23	5,661

Data Source: Agriculture and Agri-Food Canada, AISD, AID, Poultry Section

Total U.S. fowl slaughtered in the U.S. and Canada

	Light Hens	Heavy Hens	Total Hens
	-----Thousands-----		
Head	1,363	1,524	2,887
Last Week	1,559	1,668	3,227
Same week yr ago	963	1,759	2,722
To-date/2007	45,241	47,715	92,956
To-date/2006	42,470	48,918	91,388

Source: USDA AMS Poultry Programs, Market News & Analysis Branch

CENTRAL REGION MECHANICALLY SEPARATED CHICKEN

FOB SHIPPER DOCK OR EQUIVALENT, PRICES NEGOTIATED FOR MECHANICALLY SEPARATED CHICKEN IN TRUCKLOT AND LESS THAN TRUCKLOT VOLUMES, CENTS PER POUND, DELIVERY WITHIN TWO WEEKS.

August 24, 2007

CHICKEN WITH SKIN ADDED

	---- PRICES ----		---- VOLUME ----	
FAT CONTENT	FROZEN	FRESH	TOTAL	EXPORT
15% OR LESS				
RANGE	21.00-22.00	16.00	163,200	-
WTD AVERAGE	21.50	16.00		
15-20%				
RANGE	15.00-16.00	11.00-14.00	1,468,800	204,000
WTD AVERAGE	15.50	11.87		
20% OR MORE				
RANGE	-	-	-	-
WTD AVERAGE				

* INCLUDES THE STATES of AL, AR, IA, IL, IN, KS, KY, LA, MI, MN, MO, MS, ND, NE, OK, OH, SD, TN, TX, WI

EASTERN REGION MECHANICALLY SEPARATED CHICKEN

FOB SHIPPER DOCK OR EQUIVALENT, PRICES NEGOTIATED FOR MECHANICALLY SEPARATED CHICKEN IN TRUCKLOT AND LESS THAN TRUCKLOT VOLUMES, CENTS PER POUND, DELIVERY WITHIN TWO WEEKS.

August 24, 2007

CHICKEN WITH SKIN ADDED

	---- PRICES ----		---- VOLUME ----	
FAT CONTENT	FROZEN	FRESH	TOTAL	EXPORT
15% OR LESS				
RANGE	18.00	15.00-17.00	580,000	260,000
WTD AVERAGE	18.00	16.00		
15-20%				
RANGE	16.00-21.00	11.00-16.00	2,184,200	1,384,200
WTD AVERAGE	17.74	13.72		
20% OR MORE				
RANGE	-	14.00	80,000	-
WTD AVERAGE		14.00		

* INCLUDES THE STATES of CT, DE, FL, GA, MA, MD, ME, NC, NH, NJ, NY, PA, RI, SC, VA, VT, WV

NATIONAL YOUNG TURKEY PARTS, INCLUDING BULK MEAT and FROZEN (UNLESS SPECIFIED), CENTS PER LB., DELIVERED FIRST RECEIVERS, PART AND FULL TRUCKLOTS AS OF 24 AUGUST 2007.

The market tone on tom bulk parts was mostly steady. Demand light to moderate for domestic and export shipments. Offerings light to adequate. The market tone on thigh meat was mostly steady. Demand light to moderate for domestic and export shipments. Offerings short to adequate. The market tone on tom breast meat was steady to fully steady. Fresh demand moderate to good, frozen light to moderate with increased interest noted on frozen due in part to the price differential with fresh. Demand on the balance of white meat generally light to moderate. Offerings mostly short to adequate. Trading slow to moderate and centered on fresh tom breast meat for domestic shipments. For domestic: fresh wing meat with skin 95-104 mostly 95, fresh scapula 131-139 mostly 131, Grade A non-basted 8-10 lb. breasts 135, Grade A non-basted 12-16 lb. breasts 190 cents delivered. For export: breeder wings 44 cents delivered.

EXPORT TRADING	PRICE	L.S.T.	WTD AVG	VOLUME	WEEKLY	WEEKLY
FRIDAY, AUGUST 24, 2007	RANGE	CODE 1/	PRICE	(000)	WTD AVG	VOLUME
DRUMSTICKS, TOMS	58.00-62.00		60.33	312	59.88	640
WINGS FULL-CUT - TOMS	49.00		49.00	84	48.34	268
WINGS, V-TYPE, TOM		F	56.50	104		
TAILS	25.00		25.00	52	28.00	156
MECHANICALLY SEPARATED 2/		T	18.00	104	18.50	208
THIGH MEAT - FROZEN	87.00-90.00		89.00	120	89.41	540

EXPORT TRADING	PRICE	L.S.T.	WTD AVG	VOLUME
THURSDAY, AUGUST 23, 2007	RANGE	CODE 1/	PRICE	(000)
DRUMSTICKS, TOMS	59.00-60.00		59.28	144
WINGS FULL-CUT - TOMS	49.00		49.00	40
WINGS, V-TYPE, TOM		F	56.50	104
TAILS		W	29.50	104
MECHANICALLY SEPARATED 2/		T	18.00	104
THIGH MEAT - FROZEN		W	93.33	156

EXPORT TRADING	PRICE	L.S.T.	WTD AVG	VOLUME
WEDNESDAY, AUGUST 22, 2007	RANGE	CODE 1/	PRICE	(000)
DRUMSTICKS, TOMS	60.00		60.00	104
WINGS FULL-CUT - TOMS	47.50		47.50	104
WINGS, V-TYPE, TOM		F	56.50	104
TAILS	29.50		29.50	104
MECHANICALLY SEPARATED 2/		T	18.00	104
THIGH MEAT - FROZEN	90.00-95.00		93.33	156

EXPORT TRADING	PRICE	L.S.T.	WTD AVG	VOLUME
TUESDAY, AUGUST 21, 2007	RANGE	CODE 1/	PRICE	(000)
DRUMSTICKS, TOMS	58.00-60.00		59.00	80
WINGS FULL-CUT - TOMS	48.50		48.50	40
WINGS, V-TYPE, TOM		F	56.50	104
TAILS		R	24.00	40
MECHANICALLY SEPARATED 2/	18.00		18.00	104
THIGH MEAT - FROZEN	88.00-89.00		88.75	160

EXPORT TRADING	PRICE	L.S.T.	WTD AVG	VOLUME
MONDAY, AUGUST 20, 2007	RANGE	CODE 1/	PRICE	(000)
DRUMSTICKS, TOMS		F	60.80	260
WINGS FULL-CUT - TOMS		R	49.00	40
WINGS, V-TYPE, TOM		F	56.50	104
TAILS		R	24.00	40
MECHANICALLY SEPARATED 2/	19.00		19.00	104
THIGH MEAT - FROZEN	85.00		85.00	104

1/ CODES FOR LAST SIGNIFICANT TRADE (L.S.T.): M=MONDAY T=TUESDAY W=WEDNESDAY R=THURSDAY F=FRIDAY
 2/ Product contains 15/20% fat with skin added.